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Viewing cable 05SANJOSE2227, FINANCE MINISTER WANTS PRESIDENT PACHECO TO SUBMIT

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#05SANJOSE2227**.

Reference ID	Created	Released	Classification	Origin
05SANJOSE2227	2005-09-23 20:31	2011-08-30 01:44	CONFIDENTIAL	Embassy San Jose

Appears in these articles:

<http://www.nacion.com/2011-03-03/Investigacion/NotasDestacadas/Investigacion2697430.aspx>
<http://www.nacion.com/2011-03-03/Investigacion/NotaPrincipal/Investigacion2697496.aspx>
<http://www.nacion.com/2011-03-03/Investigacion/NotasSecundarias/Investigacion2697489.aspx>
<http://www.nacion.com/2011-03-03/Investigacion/NotasSecundarias/Investigacion2697532.aspx>
<http://www.nacion.com/2011-03-03/Investigacion/NotasSecundarias/Investigacion2697535.aspx>
<http://www.nacion.com/2011-03-03/Investigacion/NotasSecundarias/Investigacion2701964.aspx>
<http://www.nacion.com/2011-03-03/Investigacion/Relacionados/Investigacion2701965.aspx>

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 SAN JOSE 002227

SIPDIS

WHA/CEN
EB FOR WCRAFT, BLAMPRON
E FOR DEDWARDS
WHA FOR WMIELE
WHA/EPSC FOR KURS, LGUMBINER
H FOR JHAGAN
STATE PASS TO USTR FOR RVARGO, NMOORJANI, AMALITO

E.O. 12958: DECL: 09/22/2015
TAGS: [ETRD](#) [ECPS](#) [ECON](#) [PREL](#) [PGOV](#) [SOCI](#) [CS](#)
SUBJECT: FINANCE MINISTER WANTS PRESIDENT PACHECO TO SUBMIT
CAFTA-DR FOR RATIFICATION

REF: A. SAN JOSE 2202
[1](#)B. SAN JOSE 2051

Classified By: Charge Russell Frisbie for Reasons 1.4 (b) and (d)

[1](#)1. (C) Summary. On September 21, 2005, Charge met with GOCR Finance Minister Federico Carrillo, in part, to discuss the status of the United States-Central American-Dominican Republic Free Trade Agreement (CAFTA-DR). Carrillo was buoyed by the Commission of Eminent Persons' report on CAFTA-DR and stated the FTA would be presented to the legislature by September 28 (a subsequent statement by the Vice President calls this optimistic timeline into question, however). Carrillo characterized the report as independent confirmation of his firm view that fiscal reform is a necessary corollary to CAFTA-DR for effecting the profound changes that the country must make to further development. End Summary.

12. (C) Carrillo stated that he views the Commission of Eminent Persons report as positive in that it highlights the need to pass fiscal reform in order to be able to implement a robust and appropriate complementary agenda (Ref A). He stated that the complementary agenda should be expanded to address the concerns of the Commission but that it cannot be done all at once. He agreed with the statements of Foreign Trade Minister Manuel Gonzalez regarding the need to have a long-term, fifteen- to twenty-year plan for projects to sustain development of the country under CAFTA-DR.

13. (C) Carrillo stated that he, Trade Minister Gonzalez, Central Bank President Francisco Gutierrez, and Economy Minister Gilberto Barrantes (who is also Chair of the President's Economic Council), have been pushing the President to move forward on CAFTA-DR by sending it to the Legislative Assembly for ratification. Carrillo hoped the President would send the agreement on September 20 when the Commission of Eminent Persons delivered its report. He said Pacheco would nonetheless forward it to the legislature by September 28, 2005. (Comment: Despite Carrillo's affirmation, Vice President Lineth Saborio told the press the same day that the soonest the President would send the agreement to the Assembly would be October 19, 2005. Other knowledgeable sources believe that Pacheco will not forward the Agreement any sooner than November or December, if at all. End Comment.)

14. (C) Carrillo also said that the legislation required to implement CAFTA-DR in Costa Rica, such as the law to open the telecommunications and insurance industries, are almost ready. He said they are using several international and Costa Rican consultants to do this work. The insurance industry-related legislation should be sent to the Assembly in October, and the telecommunications sector-related legislation probably sometime soon after that.

15. (C) Carrillo also commented on the now-dead draft law to strengthen and modernize the Costa Rican Institute of Electricity (ICE), which provides electricity and telecommunications services. He welcomed the legislation's demise because of the unprecedented power it would have given to ICE. He also stated that ICE will be given sufficient autonomy to operate in an open telecommunications market and that legislation to effect these changes will be a separate project from the Telecommunications Act. This legislation would not give ownership of the entire telecommunications frequency spectrum or other special treatment to ICE as proposed earlier as this would have resulted in less competition, not more.

16. (C) Carrillo was pleased that tax revenues were up twenty percent in the first six months of this year over the same period in 2004. This result is due to better tax collection procedures and enforcement. He cited the assistance provided by the Department of Treasury's Office of Tax Assistance as instrumental in this success.

COMMENT

17. (C) Summary. Carrillo's ability alone to influence President Pacheco to move more quickly on CAFTA-DR is limited, but his assertion that the three other members of the council are also pushing hard for the President to send CAFTA-DR to the Assembly immediately makes his quest somewhat less Quixotic. Nonetheless, the VP's rather definitive description of a protracted timeline, coupled with the President's usual capriciousness and intransigence, would seem to trump Carrillo's optimistic forecast.
FRISBIE